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22 OCT 1959

MEMORANDUM FOR: Comptroller

SUBJECT: Comments re Monetary Branch Operations

1. This memorandum is the result of observations made while being oriented to the operations of the Monetary Branch, Finance Division.

2. The first effort was to become familiar with the organization of the Monetary Branch. As you are aware, the Monetary Branch is operating as outlined in a memorandum on the subject "Monetary Branch - Organization," which was submitted in February 1959. The proposed organizational structure is in line with current operating procedures which are, in my opinion, efficiently meeting all the demands placed on the Branch. Formal reorganization, along the lines proposed, appears desirable.

3. A review of Audit Staff reports on Monetary Branch operations was helpful. Current Audit Staff recommendations and actions thereon are as follows:

Recommendation:

Limit normal access to the Finance Duty Officer Fund to the custodian.

Action:

Proper safekeeping equipment has been ordered and access thereto will be limited as proposed by Audit Staff.

Recommendation:

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Action:

Arrangements are being made for direct delivery to Industrial Contract Audit Division of most of these bank statements. The objective will be to make such arrangements for all these statements.

Recommendation:

Expedite the study of means of reconciling amounts certified as expended by the Director with actual expenditures.

Action:

As you are aware, a draft of an "alternative procedure for financing confidential funds operations" was prepared by the Technical Accounting Staff in April 1959. If a new procedure is to be adopted, I believe the Technical Accounting Staff proposal, together with the faster reimbursement procedure suggested in paragraph 4a, below, can be the basis for a practical solution to this perennial problem. However, as the Chief, Finance Division indicated in routing the TAS memo to you, a decision to change the present procedure can be made only after full consideration of the legal aspects of the problem, as well as the practical dangers of too closely restricting the disbursing and funding of confidential funds activities.

4. Additional observations:

a. Regardless of whether there is a major change (such as proposed by TAS) in the current procedure for financing confidential funds operations, it appears feasible and practical to have the Director's certification appear on only a monthly summary voucher. This would eliminate his certifying each time an agent cashier is reimbursed. An agent cashier could be reimbursed on the signature of a certifying officer of the Finance Division or the Fiscal Division. Mr. [REDACTED] has some reservations about adopting this suggestion unless it is a part of a major change in the procedure for financing confidential funds operations.

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b. The Treasury Disbursing Officer has suggested that the receipt of agent cashier reimbursement checks by Monetary Branch can be expedited by one or two days by the use of a Finance Division certifying officer instead of a certifying officer from the Fiscal Division. This suggestion could be effected separately or as an extension of the suggestion in paragraph 4a, above.

c. Payment to the Treasury Department for certain income and payroll taxes withheld is now accomplished by the use of an agent cashier's check. This necessitates retaining a bank balance large enough to cover this check. This transfer of funds can be accomplished with a journal entry. The Monetary Branch has prepared a staff study in which it is proposed that TAS develop the procedure which will effect this change.

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the possibility of further reducing the amount of the advance. However, a careful review showed that such a further reduction would involve the risk of being unable to meet certain funding requirements. A small reduction may be made possible by a faster reimbursement procedure (as discussed in paragraph 4a) and the elimination of the cash payment of income and payroll tax withholdings (as discussed in paragraph 4c).

5. Monetary Branch personnel are constantly searching for improved methods. This alertness and progressiveness is evidenced by recent organizational and procedural changes which, in my opinion, have resulted in improved disbursing and funding services and techniques.

6. I was pleased to be allowed to become familiar with the Monetary Branch operations and particularly appreciated the help given me by Mr. [REDACTED] and the other employees of the Monetary Branch.

ORIGINAL SIGNED BY

[REDACTED]

Chief,
Industrial Contract Audit Division

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*Original Chief, FD
on 12/17/59 per
[REDACTED] for
"What actions being
taken?"*

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